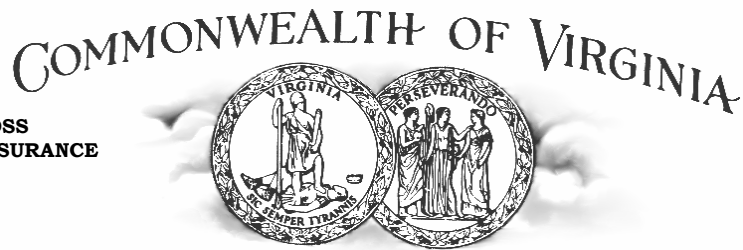


ALFRED W. GROSS
COMMISSIONER OF INSURANCE



P.O. BOX 1157
RICHMOND, VIRGINIA 23218
TELEPHONE: (804) 371-9741
TDD/VOICE: (804) 371-9206
<http://www.scc.virginia.gov>

**STATE CORPORATION COMMISSION
BUREAU OF INSURANCE**

April 16, 2007

MEMORANDUM

TO: ALL INSURANCE AGENTS WHO, ACCORDING TO OUR RECORDS,
FAILED TO COMPLY WITH VIRGINIA'S INSURANCE CONTINUING
EDUCATION REQUIREMENTS

FROM: J. Preston Winn
Supervisor, Agents Licensing
Agent Regulation and Administration

Our records indicate that you failed to comply with the Virginia insurance continuing education (CE) requirements for the 2005-2006 biennium. These requirements were explained in the Virginia Insurance Continuing Education Information Handbook (CE Handbook) that was mailed to you in August 2005 and June 2006. Two warning notices were mailed to you in July and November of 2006.

December 31, 2006 was the deadline for completing the CE courses. The deadline for submitting proof of compliance to Prometric, including the \$15 processing fee, was the close of business on February 28, 2007, or by close of business on April 2, 2007 with the payment of an additional \$250 late filing penalty. These deadlines are specifically set forth in Virginia law. Virginia law also makes it clear that neither Prometric, nor the Virginia Insurance Continuing Education Board (the Board), nor the Bureau, nor the State Corporation Commission is empowered to grant extensions or make exceptions. Those who were not CE compliant by the above dates will have their licenses terminated at the conclusion of the record correction and appeal periods provided under the law. Record corrections and appeals are summarized below and explained in the CE Handbook.

The 2006 Virginia General Assembly amended § 38.2-1868.1 Subsection D of the Code of Virginia to provide agents who have obtained the requisite continuing education course credits by December 31, 2006, but who have failed to submit proof of compliance, shall be provided a final opportunity to submit the proof of compliance, if such agents submit proof of compliance and pay the filing fees and the \$500 penalty within 30 calendar days of the date of this memorandum. The filing must be received by Prometric on or before May 15, 2007. (No exceptions)

The letter enclosed with this memorandum states your license(s) referenced in the letter **will terminate** on or about September 1, 2007. By law, the only way to avoid license termination is to demonstrate that the official records of compliance maintained by Prometric on behalf of the Board are incorrect or you file proof of compliance and pay the filing fee and \$500 penalty. Your time to prove this is limited to a period of 30 days from the date of this memorandum. **(No exceptions)**

The period between the date of this letter and May 15, 2007, is known as the record correction period. During this period of time only, recipients of this letter who can submit documentation to prove that the official records are incorrect may do so, and such documentation will be reviewed. If the proof is acceptable, the record will be corrected. **The only acceptable communications during this 30-day period are those sent to Prometric.**

If you filed with Prometric every required form, document, fee, cover letter, etc. so as to be received by Prometric by February 28, 2007 (or by April 2, 2007 with payment of the \$250 late filing fee), and if you have a receipt or a written communication from Prometric demonstrating your complete submission was received by one of those dates, this should be submitted to Prometric, in writing, during the period between the date of this letter and May 15, 2007. Acceptable proof of filing would include, in addition to copies of the documents you claim to have submitted, the ability to produce a signed receipt for certified or registered mail, or a signed receipt from a private carrier such as Federal Express, Emery, UPS, or others showing a delivery date. **Note that proof must be received by Prometric on or before May 15, 2007 in order to be reviewed.**

- If you believe Prometric's records are incorrect, your communication to Prometric must include the following information:
 - Your name;
 - Your Agent Identification number (usually your Social Security Number)
 - Your residence address
 - Your daytime telephone number and FAX number (if available)
 - A list of the Virginia licenses you hold
 - A description of the records you believe are incorrect
 - Documentation to support your contention that the records are incorrect

Note that you are to communicate with the Board through its contracted administrator, **Prometric**.

COMMUNICATIONS SENT TO THIS OFFICE OR TO ANY BUREAU STAFF WILL NOT BE PROCESSED AND WILL DELAY THE INFORMATION REACHING PROMETRIC BY THE MAY 15 DEADLINE.

The Bureau does not have your records. You must demonstrate to Prometric that you are CE compliant by including a complete and proper submission **ON OR BEFORE MAY 15, 2007**. Telling Prometric you mailed something in "plenty of time" and they "should have" received it will not suffice. Communications must come from **you** (not your secretary, spouse, or your employer), and must include **your** signature, agent identification number (usually your Social Security Number) and your residence address.

If you do NOT have the kind of proof described above, it serves no purpose to contact Prometric, nor is there any reason for you to contact the Bureau. YOUR LICENSE(S) WILL TERMINATE ON OR ABOUT SEPTEMBER 1, 2007.

If you have proof that the Board's records are incorrect, or proof of compliance along with the \$15 filing fee and \$500 penalty, **submit the proof directly to:**

**Prometric
Attention: 2006 Virginia CE Compliance
1260 Energy Lane
St. Paul, MN 55108-5225**

Sending your information to the Bureau will delay receipt and review by Prometric. If any delay caused by your failure to follow these instructions results in the termination of your license(s), you will have no grounds for appeal.

There will be NO extensions. If you have the kind of proof described above, it must be received by Prometric no later than the close of business on May 15, 2007. Communicate by certified mail, registered mail, or an overnight delivery service.

At the end of the record correction period (May 15, 2007), the law provides for a period of time during which you may appeal decisions with which you disagree. You must follow the very specific 3-tiered appeal process as described in the 2005-2006 CE Handbook, which may be reviewed at www.prometric.com/CE/vaceprod.htm. Only after you have exhausted all 3 levels of appeal are you permitted to appeal to the Bureau.

Your appeal must be submitted in writing to Prometric (not to the Bureau), and must be received by Prometric no earlier than May 15, 2007 and no later than June 29, 2007. Follow the appeal process instructions in the Handbook.

If your appeal is granted, you will be notified in writing prior to the license termination date of September 1, 2007. If your appeal is denied by Prometric, the Board's Grievance Committee, the CE Board, and (if applicable) the Bureau, your license(s) will terminate on or about September 1, 2007.

Here is what will happen if your license(s) terminates:

1. From the moment your license terminates, you will be prohibited from selling, soliciting, or negotiating Virginia insurance contracts under the terminated license type.
2. Simultaneously with your license termination all company appointments made under that license will terminate. Each insurer with which you held an active appointment under that license will be notified that the appointment has been terminated. The insurer will be instructed to accept no business generated by you subsequent to September 1, 2007.

Contrary to what many agents were apparently told by some insurers, loss of your license does not mean that you are no longer entitled to commissions earned while you were licensed. While your contract with a particular insurer may contain a provision stating that commissions are forfeited if your license or your appointment to represent that insurer is terminated, any insurer that tells you that Virginia law requires such a provision is misinforming you. [See § 38.2-1812.D of the Code of Virginia]

3. If you continue to sell, solicit, or negotiate insurance after being sent notice of license termination, the Bureau may initiate formal disciplinary proceedings against you and any insurer that does business with you for violation of any number of statutes that can be found in Title 38.2, Chapter 18 of the Code of Virginia. Penalties for such violations can range up to \$5,000 for each violation, as well as revocation or suspension of your license(s) or refusal to issue a new license at the end of the 90-day period.

4. Before you can apply to get your license(s) back, you have some obligations:

- First, there is a statutory penalty, giving you a choice of waiting 90 days before re-applying for a license, or paying a \$1,000 administrative penalty and avoiding the 90-day wait. Regardless of which option you choose, **resident agents** must pass the appropriate preclicensing examination (including Title agents) before applying. **Nonresident agents** are subject to the same penalty period or administrative penalty, but will **not** be required to pass the Virginia examination.
 - If you choose to pay the \$1,000 penalty, you may re-apply for a license immediately after September 1, 2007. Applications received prior to that date will be returned. However, Virginia **resident** applicants must pass the appropriate preclicensing examination. The Bureau will not accept **nonresident** applications electronically between September 1 and November 30, 2007 as the administrative penalty must be submitted with the application.
 - If you choose to avoid the \$1,000 penalty, you must wait until after December 1, 2007 before applying for a new license. Virginia **resident** applicants must have first passed the appropriate preclicensing examination. Applications received prior to December 1, 2007 will be returned.
 - Submitting your application at the proper time, in the proper form, with all required documentation and fees is the best way to get your license reissued quickly.
- Second, you must submit a separate license application (Form PIN3001 or the NAIC Uniform Application) to the Bureau, along with the \$15.00 license processing fee for **each** license you want to get back, in the form of a certified check, teller's check, bank check, or money order made payable to the **State Corporation Commission** (personal checks will **not** be accepted).

Resident agents must also submit a current (no more than 90 days old) Criminal History Record Report from the Virginia State Police Department.

- License application forms, preclicensing study course information, examination content outlines, examination registration information, fees and forms, and other required documents are in the Virginia Licensing Information Bulletin, which can be downloaded from the Bureau's website at <http://www.scc.virginia.gov/division/boi/webpages/boiproducer.htm>. If you need more than one license application, the forms may be downloaded from the Bureau's website at: <http://www.scc.virginia.gov/division/boi/webpages/boiformsapplications.htm> or faxed from the Bureau's Interactive Voice Response System. If you are unable to take advantage of either of those options, you must request the forms **in writing**, from the Bureau. **Be sure to include a self-addressed return envelope with your written request.**

I urge you to read the Bulletin before enrolling in a study course, taking the examination, or applying for a new license.

The **CE Handbook** and a number of related forms are available through Prometric's web site at: www.prometric.com/CE/vaceprod.htm.